

What is the chart of accounts?

The chart of accounts is a numerical list that sorts five classes of financial data in a general ledger:

1. Asset = something the entity owns
2. Liability = something the entity owes
3. Equity = the entity's overall net worth
4. Revenue = money the entity will receive
5. Expense = money the entity will spend

A **general ledger** is an organization's main accounting record that organizes and standardizes accounting information.

How is a chart of accounts organized?

Each class is organized by a number and a name. The numbers are usually grouped in "thousands" for each class. Each entity creates a list of account names and numbers to represent these five areas of accounting information, which is then tracked for producing financial statements. There can be as many subaccounts as needed. An entity usually starts with a basic list and adds subaccounts only when necessary. Subaccounts might be numbered as follows:

- ▶ 1000—Assets 1100 —Cash on Hand
- ▶ 1105—Cash in Bank
- ▶ 1110—Cash in Investments
- ▶ 2000—Liabilities
- ▶ 2010—Accounts Payable
- ▶ 2020—Payroll Payable
- ▶ 2030—Taxes Payable
- ▶ 3000—Equity
- ▶ 4000—Revenues
- ▶ 4005—Grants
- ▶ 4010—Contracts
- ▶ 4015—Service Fees
- ▶ 5000—Expenses



- ▶ 5005—Utilities
- ▶ 5010—Telephone
- ▶ 5020—Office Supplies

What information is recorded in the chart of account classes?

A 1000-series asset account can include:

- ▶ Cash (checking, savings, and petty cash balances)
- ▶ Accounts receivable (items owed to the entity that haven't been paid yet)
- ▶ Fixed assets (land, vehicles, property, equipment, etc.)
- ▶ Other (investments, depreciation, long-term assets, etc.)

A 2000-series liability account can include:

- ▶ Accounts payable (money owed to vendors or suppliers)
- ▶ Short-term debt (credit balances, short-term loans, etc.)
- ▶ Long-term debt (mortgage, etc.)
- ▶ Accrued liabilities (payroll taxes, wages payable, etc.)

A 3000-series equity account, the value of assets minus liabilities, can include:

- ▶ Retained earnings (accrued net income)
- ▶ Restricted (funds limited to certain expenses by the donor/funder) or unrestricted net assets

A 4000-series revenue account, money which comes into the entity, can include:

- ▶ Contributions (gifts and donations)
- ▶ Grants (money received for a specific purpose or project)
- ▶ Fees and receipts (received from selling an item or performing a service or services)

A 5000-series expense account, items the entity spends money to acquire, can include:

- ▶ Everyday expenses (office supplies, printing costs, salary, etc.)
- ▶ Bills (rent, utilities, purchase orders, etc.)
- ▶ Program expenses (fundraiser supplies, program vendors, etc.)
- ▶ Other expenses (meals/entertainment, fees, health bills, etc.)



Resources

- ▶ [DOJ Grants Financial Guide](#)

The **Office for Victims of Crime Financial Management Resource Center** (OVC FMRC) offers culturally humble, trauma-informed training and technical assistance to support OVC human trafficking and discretionary grantees. OVC FMRC services focus on enhancing financial management capacity.

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